

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE
*H.R. 1000—Aviation Investment and Reform Act
 for the 21st century*

Summary: H.R. 1000 would authorize funding for programs of the Federal Aviation Administration (FAA) primarily for fiscal years 2000 through 2004. CBO estimates that implementing H.R. 1000 would result in additional outlays totaling about \$56 billion over the 2000–2004 period. That total assumes appropriation action consistent with the bill's authorizations and the levels of new contract authority it provides for aviation programs. Outlays for the programs authorized by the bill would grow from an estimated \$9.2 billion in 1999 to \$14.8 billion in 2004. We also estimate that enacting the bill would increase direct spending outlays by about \$46 million over the same period. Revenues would decline by \$35 million over the five-year period. Because H.R. 1000 would affect both direct spending and receipts, pay-as-you-go procedures would apply to the bill.

The bill would provide an additional \$7.1 billion in contract authority for the airport improvement program (AIP) over the 2000–2004 period (above the \$2.4 billion a year assumed in the baseline), but providing this contract authority would not affect outlays from direct spending because AIP outlays are subject to appropriation action. (The increase in estimated AIP outlays is included in the discretionary total cited above.) H.R. 1000 also would increase direct spending authority for the Essential Air Service (EAS) program by \$10 million each year. We estimate that enacting that change would increase outlays by \$46 million over the 2000–2004 period. Furthermore, the bill would allow the Secretary of Transportation to authorize certain airports to charge higher passenger facility fees and would expand a pilot program that provides for the innovative use of airport improvement grants to finance airport projects. The Joint Committee on Taxation (JCT) expects that these provisions would result in an increase in tax-exempt financing and a subsequent loss of federal revenue. JCT estimates that the revenue loss would be \$35 million over the 2000–2004 period and \$142 million over the 2000–2009 period.

H.R. 1000 would take the Airport and Airway Trust Fund (AATF) off-budget and exempt AATF spending from the discretionary spending caps, pay-as-you-go procedures, and Congressional budget controls (including the budget resolution, committee spending allocations, and reconciliation process). Title X would provide for adjusting AIP contract authority upward based on the difference between the amounts appropriated and the

amount authorized for FAA operations, facilities and equipment, and research and development. Any adjustments would begin in fiscal year 2001.

H.R. 1000 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs would be significant and would not meet the threshold established by that act (\$50 million in 1996, adjusted annually for inflation). Overall, the bill would provide significant benefits to airports operated by state and local governments. Section 4 of UMRA excludes from the application of that act any legislative provisions that would establish or enforce certain statutory rights prohibiting discrimination. CBO has determined that section 706 fits within that exclusion. Section 4 also excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that section 710, which implements provisions of the Convention on International Civil Aviation, fits within that exclusion.

H.R. 1000 would impose new private-sector mandates by requiring safety equipment for specific aircraft, imposing consumer and employee protection provisions, and imposing new requirements for commercial air tour operations over national parks. Those mandates would affect owners of fixed-wing aircraft, air carriers, end-users of aircraft parts, operators of commercial air tours, and owners and operators of cargo aircraft. CBO estimates that the total direct costs of the mandates would not exceed the annual threshold for private-sector mandates (\$100 million in 1996, adjusted for inflation).

Description of the bill's major provisions: Title I would authorize the appropriation of \$47.6 billion for FAA operations, facilities, and equipment for fiscal years 2000 through 2004. Title I also would provide \$19.2 billion in contract authority for the FAA's airport improvement program for fiscal years 2000 through 2004.

Title I would allow the Secretary of Transportation to authorize certain airports to charge higher passenger facility fees than under current law. This title also would expand a pilot program that provides for the innovative use of airport improvement grants to finance airport projects. Title II would establish a federal credit program to assist commuter air carriers in purchasing regional jet aircraft. Title II also would increase the amount of direct spending authority for the EAS program and would authorize the use of appropriations to FAA operations for that program.

Title III would provide that, of the amounts appropriated for FAA operations in fiscal year 2000, up to \$1.5 million may be used to obtain contractual audit services to complete a report on FAA's costs and on the allocation of such costs among different FAA services and activities.

Title IV would make the Death on the High Seas Act (DOHSA) inapplicable to aviation incidents, thereby broadening the circumstances under which relatives can seek compensation for the death of a family member in an aviation incident over the ocean.

Title V would establish civil penalties for individuals who interfere with or jeopardize the safety of a cabin crew or other passengers.

Title VI would provide whistleblower protection for employees of air carriers who notify authorities that their employer is violating a federal law relating to air carrier safety. The bill would set up a complaint and investigation process within the Department of Labor (DOL).

Title VII would extend the war risk insurance program and prohibit the FAA from charging fees for certain services. This title would provide that, of the amounts appropriated for FAA operations in fiscal year 2000, \$2 million may be used to eliminate a backlog of equal employment opportunity complaints at the Department of Transportation (DOT).

Title VIII would make clear that the FAA has the authority to regulate aircraft overflights affecting public and tribal lands, and would establish a process for the FAA and the National Park Service (NPS) to coordinate the development and implementation of such regulations.

Title IX would place receipts to and sending from the Airport and Airway Trust Fund (AATF) off-budget and exempt the fund from any general budget limitations. Title IX and X would provide for periodic adjustments to the amounts authorized to be appropriated for the FAA based on estimated and actual deposits to the AATF and on appropriations action.

Estimated cost to the Federal Government: Over the 2000–2004 period, CBO estimates that implementing H.R. 1000 would result in additional discretionary outlays of about \$56 billion, additional direct spending outlays of \$46 million, and a net loss of federal revenues of \$35 million. The estimated budgetary impact of H.R. 1000, excluding the potential impact of title X, is shown in the following table. The costs of this legislation fall primarily within budget function 400 (transportation).

	By fiscal year, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law:						
Budget Authority ¹	7,654	0	0	0	0	0
Estimated Outlays ¹	9,247	3,458	1,347	512	166	78
Proposed Changes: ³						
Estimated Authorization Level	0	7,572	8,950	9,886	10,357	10,860
Estimated Outlays	0	6,020	9,653	12,095	13,687	14,710
Spending Under H.R. 1000: ³						
Estimated Authorization Level: ¹	7,654	7,572	8,950	9,886	10,357	10,860
Estimated Outlays	9,247	9,478	11,000	12,607	13,853	14,788
DIRECT SPENDING—EXCLUDING TITLE X						
Baseline Spending Under Current Law:						
Estimated Budget Authority ⁴	2,410	2,460	2,460	2,460	2,460	2,460
Estimated Outlays	0	30	50	50	50	50
Proposed Changes:						
Estimated Budget Authority	0	75	1,600	1,700	1,850	1,950
Estimated Outlays	0	6	10	10	10	10
Spending Under H.R. 1000:						
Estimated Budget Authority ⁴	2,410	2,535	4,060	4,160	4,310	4,410
Estimated Outlays	0	36	60	60	60	60
CHANGES IN REVENUES						
Estimated Revenues	0	–1	–3	–6	–11	–14

¹ The 1999 level is the amount appropriated for that year for FAA's operations account and facilities and equipment account.

² Estimated outlays under current law are from amounts appropriated for 1999 and previous years for the FAA operations account and the facilities and equipment account, as well as the discretionary outlays from the AIP obligation limitations, assuming a full year of authority in 1999.